

Message Text

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72

ORIGIN EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 AGR-20 AF-10 ARA-11 EA-11

NEA-10 RSC-01 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-02 INR-09 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03

AID-20 CIEP-02 SS-14 STR-08 TAR-02 TRSE-00 USIA-12

PRS-01 SAL-01 OMB-01 /218 R

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EUR/ RPE: PJRIZIK

USDA: RRSTANSBERRY

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R 272240 Z MAR 73

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

INFO USMISSION GENEVA

AMEMBASSY LONDON

USMISSION OECD PARIS

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E. O. 11652 N/ A

TAGS: ETRD, EAGR, EEC

SUBJECT: SUGAR: COMMISSION VIEWS AND UN CONFERENCE

REF : EC BRUSSELS 514

1. VIEWS OF LARDINOIS ON RELATIVE COMPETITIVENESS AND EFFICIENCY OF LDC SUGAR PRODUCERS (PARA 6, REFTTEL) ARE, OF COURSE, CONSISTENT WITH DEFENSE OF CAP ON SUGAR. THEY ARE NOT, HOWEVER, IN ACCORD WITH OUR OWN EXPERIENCE AND VIEWS.

2. IT IS GENERALLY CONCEDED THAT AS SUGAR SOURCE, BEET PRODUCTION IS INHERENTLY LESS EFFICIENT THAN CANE, IF ONLY
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BECAUSE AMOUNT OF SUGAR WHICH CAN BE GROWN PER ACRE IS LESS. WE ARE UNAWARE OF ANY AREA WHERE BEETS ARE GROWN WITHOUT SIGNIFICANT SUBSIDIES AND/ OR PROTECTION. MAJOR REASONS FOR LACK OF SUGAR INVESTMENT IN DEVELOPING WORLD IN PAST HAVE BEEN GENERAL WORLD OVERSUPPLY AND LACK OF ACCESS TO SOME DEVELOPED MARKETS, NOTABLY EEC, FOR ANY INCREASED LDC PRODUCTION. CURRENT TIGHT SUPPLY SITUATION AND HIGH PRICES MAY BRING FORTH NEW INVESTMENT.

3. AS NON- PARTICIPANT IN INTERNATIONAL SUGAR AGREEMENT BILATERAL AIR AGREEMENT. USG WOULD NOT ACCEPT SUCH INTERPRETATION OF AGREEMENT.

4. IN REGARD SECOND POINT, WE BELIEVE WE HAVE MET NOTIFICATION REQUIREMENTS ON BASIS OF FACT THAT CAB FILES SHOW THAT IN JULY AND SEPTEMBER 1950 IT SENT TO BELGIAN EMBASSY IN WASHINGTON COPIES OF ORDERS AUTHORIZING (A) PAA- AMERICAN OVERSEAS AIRWAYS MERGER, AND (B) PAA AUTHORIZATION TO OPERATE TO POINTS PREVIOUSLY SERVED BY AMERICAN OVERSEAS AIRWAYS. (COPIES BEING AIRPOUCHED.) THESE ORDERS DO NOT SPECIFICALLY COVER QUESTION BRUSSELS- WARSAW- MOSCOW SERVICE, BUT THIS IS A NARROW TECHNICAL QUESTION OF PRACTICAL RELEVANCE ONLY BETWEEN PAA AND CAB. CAB IS EXPECTED IN NEAR FUTURE TO GIVE TO PAA SPECIFIC AUTHORIZATION FOR THIS OPERATING PLAN, AS DISTINGUISHED FROM THE BASIC AUTHORIZATION IT HAS HELD SINCE 1950 TO SERVE POINTS IN QUESTION. WE COULD GIVE GOB COPY THIS AUTHORIZATION, BUT AS INDICATED PARA 3 ABOVE, WE DO NOT CONSIDER SECTION VIII OF ANNEX HAS ANY RELEVANCE TO TRAFFIC RIGHTS IN AGREEMENT. SECTION VIII DEALS SOLELY WITH TECHNICAL ISSUES AND, WHATEVER MAY HAVE BEEN REASON IN 1946 FOR INCLUDING THIS PROVISION, IT CLEARLY IS NOW OUT- DATED AND HAS NO SUBSTANTIVE RELEVANCE BETWEEN GOVERNMENTS. THIS IS IN MARKED CONTRAST TO OTHER SECTIONS OF AGREEMENT WHICH DEAL WITH SUBSTANTIVE INTERESTS OF PARTIES TO AGREEMENT.

5. OUR PRIMARY CONCERN LIES WITH REASONS THAT IMPELLED DERENNE TO TAKE ANTIQUARIAN APPROACH TO US/ BELGIAN BILATERAL. WE HOPE ATMOSPHERE THAT HAMPERED CHARTER OPERATIONS DURING 1970-72 WILL NOT AGAIN EMERGE TO PLAGUE SCHEDULED SERVICES. WE COULD UNDERSTAND TEMPTATION TO APPLY LEGALISTIC PRESSURES IN NARROW FRAMEWORK IF SABENA' S INTERESTS WERE AT STAKE, BUT DO NOT CONSIDER SUCH INTERESTS ARE INVOLVED IN PRESENT SITUATION.

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6. WITH REGARD REF 2, DEPTOFF SIMPLY TOLD PAA THAT IN
ABSENCE SPECIFIC GOB OBJECTION TO PROPOSED BRUSSELS/ WARSAW/
MOSCOW SERVICE PAA COULD FEEL FREE TO OPERATE SUCH SERVICE.
ROGERS

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*** Current Classification *** LIMITED OFFICIAL USE

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